

VZCZCXRO9318
PP RUEHDBU RUEHFL RUEHLA RUEHMRE RUEHROV RUEHSR
DE RUEHKB #0459/01 1081413
ZNY CCCCC ZZH
P 181413Z APR 07
FM AMEMBASSY BAKU
TO RUEHC/SECSTATE WASHDC PRIORITY 2817
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNOSC/OSCE COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000459

SIPDIS

SIPDIS

E.O. 12958: DECL: 04/09/2017
TAGS: [PREL](#) [PGOV](#) [PHUM](#) [KDEM](#) [ENRG](#) [EPET](#) [RS](#) [KZ](#) [AJ](#)
SUBJECT: PRESIDENT ALIYEV DISCUSSES AZERBAIJAN'S RELATIONS
WITH THE U.S., RUSSIA AND KAZAKHSTAN WITH USOSCE AMBASSADOR
FINLEY

Classified By: AMBASSADOR ANNE E. DERSE PER 1.4(B,D)

¶1. (C) SUMMARY: In a March 29 meeting with visiting USOSCE Ambassador Julie Finley, President Aliyev praised Foreign Minister Mammadyarov's recent trip to Washington, and said that the signing of the energy MOU signified a "new stage" in the bilateral relationship. He expressed satisfaction with GOAJ-OSCE cooperation to date, and said he saw opportunities for further work together. Clearly proud of his decision not to buy gas from Russia, Aliyev said that Azerbaijan bases its relationship with Russia on Azerbaijan's own national interest; Aliyev added that his recent trip to Moscow was intended to clarify his relationship with Russian President Vladimir Putin who, in Aliyev's words, is preoccupied with energy. He outlined Azerbaijan's top domestic priorities - poverty reduction and education - and stated that Euro-Atlantic integration will remain the top foreign policy priority. Aliyev touched upon Azerbaijan's relationship with Kazakhstan, highlighting a potential agreement on a gas pipeline. He concluded that Azerbaijan would support Kazakhstan's bid for OSCE chairmanship. END SUMMARY

ENERGY COOPERATION IS NEW PHASE IN BILATERAL RELATIONSHIP
WITH U.S.

¶2. (C) President Aliyev opened his March 29 meeting with Ambassador Finley by noting that the U.S. and Azerbaijan enjoy a strong, healthy relationship, and that he would like this cooperation to continue. He said that Foreign Minister Mammadyarov's recent trip to Washington was a success and that signing the energy MOU signified a "new stage" in the U.S.-Azerbaijan relationship. Noting that the EU had "no real energy policy" and relied too heavily on Gazprom, Aliyev said that it was "not by chance" that the GOAJ signed similar energy agreements with the U.S. and the EU. According to Aliyev, energy is the most important element of the U.S.-Azerbaijan bilateral relationship, followed by security. He promised that Azerbaijan would leave its troops in Iraq as long as the U.S. wanted them there. Aliyev said that Azerbaijan has been working for many years to bring its natural resources to the world market. Starting with extraction of oil, and then gas, he said the second phase had begun with export. He said he was working with Turkey, Kazakhstan and Turkmenistan to make Azerbaijan an energy transport hub linking the eastern Caspian with Europe.

RUSSIA

¶3. (C) Turning to Azerbaijan's relationship with Russia, Aliyev proudly recalled that last year the GOAJ had rejected Russia's monopolistic attempt to force prices on Azerbaijan that were higher than those charged to others. While noting that "we don't need trouble from Russia," he said that he

expected mutual respect and non-interference from them. He said the gas decision, along with other steps, such as supplying Georgia with energy for the winter, had been intended to prove Azerbaijan's independence. The President explained that his recent trip to Moscow was primarily to talk to Russian President Vladimir Putin in order to clarify the relationship. According to Aliyev, Putin is preoccupied with energy: "I can see it."

14. (C) Comparing politics in Azerbaijan with those in Armenia, Aliyev said that Russia has not tried to set up pro-Russian political parties in Azerbaijan and that they were free of Russian influence. He criticized Armenia as being nothing more than a puppet with Russian control over its borders, military, and energy infrastructure, including the new gas pipeline with Iran. He said that Azerbaijan's only problem is the unresolved conflict over Nagorno-Karabakh and the surrounding territory, and noted that it is a threat to the entire region.

GOAJ'S TOP PRIORITIES - USE OIL REVENUES WISELY

15. (C) Asked by Ambassador Finley for his vision of Azerbaijan ten years hence, Aliyev said Euro-Atlantic integration will remain Azerbaijan's top foreign policy priority, using cooperation with the OSCE and the European Neighborhood Policy and Action Plan as a framework. His top domestic priority for the next five (not ten) years was the elimination of poverty because "people deserve prosperity," especially after their difficulties in the early years of independence. He agreed with Ambassador Finley both that time for action was short and that fair, honest management of the new oil wealth was key. He highlighted recent progress, noting that the GOAJ had decreased poverty from 49 percent to

BAKU 00000459 002 OF 002

29 percent in three years, during which it also created more than three and a half million jobs. Aliyev said that diversification of the economy is critical to poverty reduction, particularly through the use of oil revenue to develop the non-oil sectors. He noted the importance of education to equip the new generation, adding that the GOAJ is building many schools, all equipped with computers with Internet access, which he hopes to expand to all schools. Aliyev said that the GOAJ has been working hard to eliminate all refugee tent camps in the country and to create adequate infrastructure for Azerbaijan's IDPs and refugees. In projecting his vision, the President did not mention democratic development.

16. (C) Aliyev said that because of its growing economy, Azerbaijan is becoming a donor country that can start to repay some of the assistance it received when it had fewer resources. Azerbaijan is the leading donor in the Caucasus, has been supporting Georgia, and is working to help Kazakhstan, Aliyev said.

RELATIONSHIP WITH KAZAKHSTAN

17. (C) President Aliyev said his good personal relationship with Kazakh President Nursultan Nazarbayev helps maintain the good relations between their two countries. He noted particularly strong cooperation on energy, transportation, and humanitarian issues and he said developing Kazakhstan's ties with Azerbaijan would help "turn Kazakhstan to the West." Aliyev highlighted the interstate agreement on the BTC pipeline and shared plans to establish a similar agreement on a gas pipeline. According to Aliyev, Nazarbayev is afraid of damaging Kazakhstan's relationship with Russia by signing a gas agreement with Azerbaijan. Aliyev said that he had just discussed this with President Putin and came away believing that such cooperation should not create a problem. He said that Azerbaijan would support Kazakhstan's bid for OSCE chairmanship.

[18](#). (U) Ambassador Finley cleared this message.
DERSE